

Message Text

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ACTION EB-11

INFO OCT-01 NEA-10 ADP-00 AID-20 CIAE-00 COME-00 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 CIEP-02

LAB-06 SIL-01 OMB-01 L-03 RSR-01 /088 W
----- 116007

R 051115 Z MAY 73

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 2174

C O N F I D E N T I A L TEHRAN 3115

E. O. 11652: GDS

TAGS: EFIN, IR

SUBJECT: FOREIGN EXCHANGE RESERVES (C- ER 3 - 57220)

REF: STATE 067409

1. AFTER CONSIDERABLE PRODDING, WELL- PLACED CENTRAL BANK SOURCE INFORMALLY PROVIDED EMBASSY (ON STRICTLY CONFIDENTIAL BASIS ONLY) WITH FOLLOWING DETAILED DATA ON GOI' S NET RESERVE POSITION AS OF MID- FEBRUARY:

(\$ MILLION)

U. S. DOLLARS	80
U. K. POUNDS	4.9
DEUTSCHE MARKS	137.3
FRENCH FRANCS	17.5
SWISS FRANCS	92.6
BELGIUM FRANCS	12.9
ITALIAN LIRE	4.7
JAPANESE YEN	.4

GROSS RESERVES TOTALED \$733 MILLION WHILE LIABILITIES WERE LISTED AT \$342 MILLION.

2. OFFICIAL CLAIMED ALMOST 40 PERCENT CBI' S GROSS FEBRUARY FX HOLDINGS HAD BEEN DOLLARS, CURRENCY IN WHICH LARGE PORTION
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IRANIAN SHORT TERM LIABILITIES DENOMINATED. HIM HAD APPROVED DE ISION QUOTE STICK WITH DOLLAR UNQUOTE BUT CBI HAD BEEN SHARPLY CRITICIZED FOR RESULTING CIRCA \$32 MILLION EXCHANGE LOSS. EXCEPT FOR SOMEWHAT LARGER THAN USUAL PROPORTION OF DOLLARS, COMPOSITION GOI' S FEBRUARY RESERVE HOLDINGS WAS, SOURCE STATED, ABOUT SAME AS SIX MONTHS EARLIER.

3. DATA ON LARGE PRIVATE FX COMPOSITIONS UNAVAILABLE. IRANIAN ELITE MAINTAIN SUBSTANTIAL FX ACCOUNTS IN WESTERN EUROPE, AND WE ASSUME THEY PROBABLY JOINED CHORUS OF SPECULATORS AGAINST DOLLAR.

4. COMMENT: INCREASE IN IRAN' S FEBRUARY FX RESERVE POSITION FORECAST BY TEHRAN' S A-063 DID NOT MATERIALIZE. GROSS RESERVES, IN FACT, DECLINED BY SOME \$40 MILLION WHILE SHORT- TERM FX LIABILITIES CLIMBED BY \$25 MILLION. MARCH RESERVE DATA NOT YET AVAILABLE PRESUMABLY BECAUSE GOI HAS NOT YET REACHED FINAL DECISION ON NATURE AND EXTENT OF ITS YEAR- END COSMETIC (*8,-:8-)) SURGERY. WE DO NOT DISCOUNT POSSIBILITY THAT FEBRUARY RESERVE DATA WAS TO SOME EXTENT " DOCTORED" FOR OUR BENEFIT, BUT ANY OFFICIAL ACKNOWLEDGEMENT OF EXISTENCE IN U. S. HANDS OF THIS INFO COULD SERIOUSLY PREJUDICE OUR ABILITY TO GET OTHER MORE ROUTINE FINANCIAL STATISTICS. OUR SOURCE INDICATED THAT CBI PLANS ADJUST COMPOSITION GOI' S RESERVE HOLDINGS WHEN WORLD MONETARY SITUATION FURTHER STABILIZED.
HELMS

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*** Current Classification *** CONFIDENTIAL

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